

Message Text

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PAGE 01 PORT A 01060 062208Z

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ACTION EB-07

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FM AMEMBASSY PORT AU PRINCE

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E.O. 11652: N/A

TAGS: ETRD, HA

SUBJECT: TEXTILES

REF: STATE 095749

1. ON MAY 5 SECRETARY OF COMMERCE AND INDUSTRY MURAT DISCUSSED WITH EMBASSY ECONOFF LATEST HAITIAN IDEAS ON SOLUTION TO TEXTILE PROBLEM AND URGED EMBASSY SUPPORT FOR AN AGREEMENT WHICH WOULD MEET HAITIAN MINIMUM NEEDS.

2. MURAT, WHO HAD PREVIOUSLY DISCUSSED MATTER IN DETAIL WITH SECRETARIES BROS AND ANTOINE AND WITH TEXTILE INDUSTRY REPRESENTATIVES, STATED THAT HAITI REQUIRES INITIAL GLOBAL QUOTA OF 82 MILLION SQUARE YARDS WITH GROWTH OF 7 PERCENT PER YEAR. INCREASES IN SPECIFIC LIMITS AND CONSULTATIONS LEVELS CONTAINED IN AGREEMENT WOULD ALSO BE NEEDED, AND MURAT SUGGESTED INCREASES OF FROM 2-5 PERCENT FOR COTTON CATEGORIES, 5-10 PERCENT FOR SYNTHETIC CATEGORIES, AND 3 PERCENT FOR WOOL CATEGORIES. MURAT POINTED OUT THAT LEVELS PROPOSED WOULD NOT PROVIDE FOR FULL UTILIZATION OF HAITIAN CAPACITY, BUT WOULD MERELY ALLOW HAITIANS TO KEEP PRESENT EMPLOYMENT LEVEL IN INDUSTRY. HE URGED SYMPATHETIC CONSIDERATION OF HAITIAN PLIGHT, CITING POVERTY, HIGH UNEMPLOYMENT RATES, RECENT ENTRY INTO

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PAGE 02 PORT A 01060 062208Z

TEXTILE MARKET, AND SMALL HAITIAN SHARE OF U.S. MARKET.

3. EMBASSY ECONOFF EXPLAINED THAT ONLY THE INTERDEPARTMENTAL COMMITTEE IN WASHINGTON COULD MAKE DECISION ON QUANTITIES TO BE ALLOWED ENTRY BUT ADDED THAT, IN HER PERSONAL OPINION, IT WOULD BE DIFFICULT TO GRANT SUCH A LARGE GLOBAL QUOTA. SHE POINTED OUT THAT A GLOBAL QUOTA OF 82 MILLION SQUARE YARDS WOULD PROVIDE ALMOST 100 PERCENT INCREASE OVER CURRENT HAITIAN EXPORTS OF 42 MILLION SQUARE YARDS, AN INCREASE WHICH WOULD BE HARD TO JUSTIFY TO OTHER COUNTRIES WITH WHOM U.S. HAS AGREEMENTS. SHE ALSO EXPRESSED DOUBT THAT IT WOULD BE POSSIBLE TO SELL SUCH A LARGE QUANTITY OF TEXTILES IN U.S. MARKET GIVEN CURRENT ECONOMIC SITUATION. SHE RECITED LATEST U.S. UNEMPLOYMENT STATISTICS, AS WELL AS CURRENT CONGRESSIONAL, INDUSTRY AND LABOR PRESSURE FOR REDUCTION OF TEXTILE IMPORTS AND FOR ELIMINATION OF ARTICLE 807 IMPORTS.

4. IN DISCUSSING WAYS AND MEANS TO OVERCOME IMPASSE, ECONOFF POINTED OUT THAT SOME AGREEMENTS PROVIDE FOR LARGER INITIAL GLOBAL QUOTA, AND THEN NO GROWTH RATE FOR A YEAR OR TWO. SHE RECEIVED IMPRESSION THAT GOH MIGHT BE SATISFIED WITH A THIRD YEAR LEVEL OF 84 MILLION SQUARE YARDS.

5. IT SEEMS EVIDENT THAT MURAT IS STILL UNDER GREAT PRESSURE FROM LABOR DEPARTMENT AND FROM LOCAL INDUSTRY. IN THIS RESPECT, SOLE SPEECH MADE BY INDUSTRIALIST DURING OFFICIAL LABOR DAY CEREMONIES CALLED FOR GOVERNMENT AND INDUSTRY TO WORK TOGETHER AND GAVE SPECIAL THANKS TO THE PRESIDENT "FOR THE NEGOTIATIONS AND IMPORTANT EFFORTS UNDERTAKEN BY YOUR GOVERNMENT WITH THE UNITED STATES TO PROTECT AND TO PROMOTE THE LIBERALIZATION OF OUR TEXTILE EXPORTS TOWARD THAT COUNTRY SO THAT THIS IMPORTANT AND DYNAMIC SECTOR OF OUR INDUSTRY CAN CONTINUE ITS DEVELOPMENT AND ITS NORMAL GROWTH WITHOUT MAJOR OBSTACLES".

6. EMBASSY APPRECIATES FACT THAT INTERAGENCY COMMITTEE HAS TAKEN HAITIAN SITUATION INTO ACCOUNT IN PREPARING ORIGINAL PROPOSAL MADE LAST SEPTEMBER, AND HOPES CONSIDERATION WILL CONTINUE TO BE GIVEN TO SERIOUS PROBLEMS HERE.

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PAGE 03 PORT A 01060 062208Z

FOR EXAMPLE, HAITIAN ECONOMIC/COMMERCIAL/EMPLOYMENT OUTLOOK HAS TAKEN DEFINITE DOWNTURN IN LAST SIX MONTHS. SINCE STATISTICS ARE ALMOST NONEXISTENT, ASSESSMENT OF CONDITIONS MUST BE BASED ON THE FEW INDICATORS WHICH ARE AVAILABLE. IN THIS RESPECT, HAITIAN CONSUMPTION OF THREE KEY FOOD PRODUCTS -- SUGAR, SOYBEAN OIL AND WHEAT -- HAVE DECREASED IN THE PAST YEAR EVEN THOUGH PRICES HAVE LEVELED OUT AND EVEN DECREASED IN SOME INSTANCES. IN HAITIAN CIRCUMSTANCES,

THIS IS EVIDENCE OF REDUCTION OF PERSONAL INCOME, NOT A SHIFT IN BUYING HABITS. IN ADDITION, HIGH INVENTORY LEVELS HAVE CAUSED BOTH OF THE COTTON TEXTILE PLANTS PRODUCING FOR THE LOCAL MARKET TO CLOSE (ONE IN DECEMBER, THE OTHER IN FEBRUARY), WITH NO INDICATION OF REOPENING DATE.

7. EMBASSY WOULD APPRECIATE RECEIVING DEPARTMENT'S PRELIMINARY VIEWS ON GOH PROPOSAL PLUS ADDITIONAL TALKING POINTS WHICH COULD BE USED TO PERSUADE GOH TO LOWER ITS SIGHTS AND APPROACH FORTHCOMING NEGOTIATIONS IN A REALISTIC FASHION.
THOMSON

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